

Executive Summary of the AECOM Consult Study Developed for the Loudoun County Housing Advisory Board

Introduction

The Loudoun County Housing Advisory Board (HAB) requested quotes from six professional housing and demographic research firms or public agencies to report on Loudoun County's existing housing market. The RFQ requested development of the data necessary to identify the County's rental and for-sale housing needs at prescribed income levels. The information was determined to be critical to reaching a general understanding of the County's current and projected housing situation, so that appropriate policies and programs can be developed to address the County's affordable housing needs.

Background

The Loudoun County Board of Supervisors appointed the twelve member HAB in July, 2005 to study the supply and demand issues of affordable housing and make recommendations to the Board on policy and program development. The need to develop new housing programs was identified in a 2002 comparison of the County's housing supply and available and future jobs. The study included an income distribution of Loudoun's households based on the County's median income; an assessment of average home sales prices for both new and resale units; home sales by price point, and an estimate of wages based on selected occupations. The HAB determined to update the 2002 report with data more current than 2000 Census given the dynamic nature of the County's housing market.

The HAB also wanted to determine the magnitude of the gap between supply and affordability. The HAB asked for a response to the following questions:

- What is the market demand for housing in Loudoun? How many people would live here if they could live here?
- What is the right mix of unit types for a healthy community?
- What should the annual supply goal for affordable housing be?
- What jobs are coming to Loudoun County and what will they pay?
- What is considered an acceptable commuting distance?

Tasks

The selected firm was asked to conduct a ten-week study of the housing market and report on its findings both in a written and graphic format. The study also includes a detailed description of the applied methodology used to develop the data and make projections so that it can be periodically updated. Key data generated in the study includes a compendium of data tables that provide a broad variety of information that is projected to 2030. Much of the data is distributed by income and by County planning sub area in order to understand the workforce housing need by proximity to jobs and by unit type now and over time.

Conclusions

The AECOM study was conducted in the spring of 2006 to provide data on Loudoun County housing demand and supply. The data was used to determine if there are workers who work in the County and live elsewhere because there is a shortage of affordable housing.

Its principle conclusion is that there is a shortage of rental and owner-occupied units available for Loudoun's workers.

This shortage results in a disproportionate number of workers commuting into Loudoun for employment. The study determined, after comparing Loudoun County's geographic and economic make-up with 31 similar American counties, that a disproportionate number of workers in 4 industries in-commute to Loudoun for their employment. These industries are:

- retail
- local government (including teachers & police officers),
- warehouse & transportation (including Airport jobs),
- construction

These four industries represent approximately 44% of Loudoun's workforce, and are four of the top five industry categories in terms of percentage of the workforce.

The study suggests that the development of more market rate homes in Loudoun will make this problem worse for two reasons. First, the average annual salary for workers in these industries does not provide adequate income to support the average price of a housing unit in Loudoun, which was \$568,959 across all housing types in 2005 according to the 2005 Annual Growth Summary. Second, additional "market rate" homes will require additional workers in *precisely* those four industries listed above which are already experiencing disproportionate in-commuting.

Other specific findings and conclusions include:

- More apartments, condominiums and townhouses are needed to match the income affordability of the "displaced" workers especially over the next 25 years.
- Loudoun County comparatively has a disproportionate higher level of out-commuters in three industries including Federal Government, Educational and Health Services, and Information—all relatively high paying industries. The County houses higher paid out-commuters in certain industries.
- About 25% of Loudoun County households have housing costs exceeding the 30% monthly housing cost standard as well as a surplus of both rental and for-sale housing at the most expensive end of the scale indicating that a significant number of households are "house-poor."
- A majority of Loudoun County households earn more than 125% of the area median income or about \$112,875.
- In rental units, there is a shortage of available units for incomes ranging from 10% to 60% of the area median income reflecting an estimated 1,437 units available for 7,381 households.
- The County's ADU program provides rental units for those households earning 30% to 50% of the AMI. The ADU program assumes that households in those income ranges will rent as it is unlikely that they could qualify to purchase housing. Below 30%, generally housing subsidies are required. Over time, the rental housing shortage is expected to get worse for incomes from 10% to 50% with the most severe shortage at 2030 for households at 50% AMI.

- For owner-occupied units, the shortage occurs from 10% to 120% where there are estimated to be 13,031 units available for 41,335 households. Shortages worsen over time for income ranges from 50% to 100% of AMI with the most pronounced shortages for incomes at 80% of the median.
- Compared to peer counties, Loudoun's economy is disproportionately concentrated in professional & business services, construction, transportation and warehousing, information, and federal government employment. A strong concentration in professional & business services, information, and federal government employment is beneficial as they typically generate high wage jobs.
- A literature search concerning the relationship between transportation congestion and housing choice describing the generally acceptable commuting time of around 30 minutes from home to work with some information that Loudoun County commutes are slightly longer than the acceptable time.

Data Book

The data book includes the following information:

2002, 2010, 2020, & 2030 Home Based Work Trips from HHs Earning less Than \$30,000
 2002, 2010, 2020, & 2030 Home Based Work Trips from HHs Earning \$30,000 to \$49,999
 2002, 2010, 2020, & 2030 Home Based Work Trips from HHs Earning \$50,000 to \$74,999
 2002, 2010, 2020 & 2030 Home Based Work Trips from HHs Earning More than \$75,000
 HHs by Income Range in County and Planning Sub areas
 Estimated Number of Rental Units in Loudoun County by Income from 2005 to 2030
 Estimated New & Existing Housing Unit Sales in Loudoun County from 2000 to 2030
 Estimated New & Existing Housing Unit Sales by Type from 2000 to 2030
 Estimated Number of Housing Units Sold in Loudoun County by Type & Affordability at AMI
 Estimated Number of Rental Units by Planning Sub areas from 2005 to 2030
 Estimated Number of Renter Occupied HHs in Loudoun County from 2005 to 2030
 Total Households in Loudoun County by Sub area from 2005 to 2030
 Estimated Number of Owner Occupied HHs in Loudoun County from 2005 to 2030
 Additional Housing Units Required to House In-Commuters in Selected Industries by Type
 Distribution of Housing Units required to House In-Commuters in Selected Industries
 Renter & Owner Occupied Housing Supply & Demand in Loudoun County
 Rental Housing Demand in Loudoun County by AMI Range
 Rental Housing Supply in Loudoun County by AMI Range
 Rental Housing Surplus/Shortage in Loudoun County by AMI Range
 Owner Occupied Housing Demand in Loudoun County by AMI Range
 Owner Occupied Housing Supply in Loudoun County by AMI Range
 Owner Occupied Housing Surplus/Shortage in Loudoun County by AMI Range
 Households and Persons Burdened By Housing Costs (greater than 30%) from 2000 to 2030
 Estimated New & Existing Housing Unit Sales in Loudoun County
 Estimated Median Existing & New Housing Unit Sales Prices in Loudoun County from 2003 to 2030
 Estimated Median Existing & New Housing Sales Prices by Unit Type in Loudoun County, 2003 to 2030
 Establishments by Employment Size in Loudoun County
 Employment by Establishment Size by Zip code in Loudoun County, 2003
 Employment by Industry in Loudoun County from 2005 projected to 2030
 Estimated Total employment⁶ By Planning Sub area in Loudoun County by 2030
 Earnings per Worker by Industry in Loudoun County from 2005 to 2030
 Estimated Total Earnings (In Millions) By Planning Sub area by 2030
 Estimated Occupational Profile in 2005, Major Occupational Groups Only
 Projected Employment Growth by Occupation in the U.S., 2004 to 2014
 Occupational Profile & Wages in the Wash. Metro Region
 Estimated Impact that a Change in Occupational Profile will have on Annual Average Wages
 Estimated Occupational Profile, 2005